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## Chapter 16

# Leadership as a Change Trigger in Unsettling Conditions: The Case of Werenbach Watches

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### ABSTRACT

*The case focuses on Werenbach watches, a micro SME based in Switzerland which managed to survive the current crisis of COVID-19 in an innovative way. The focus is on the behavioural aspects of leadership present in the case and which have led to tangible innovations. The innovations examined have led to the ability to source extensively and access funding to create a stronger global presence. The reasons for choosing servant leadership as an example are presented and the moderating links between attitude and implementation are listed and examined. Suggestions for managers and further research are presented. The chapter aims to be a toolkit for micro SMEs' CEOs willing to understand the fundamental behaviours behind access of funds and sources for a small firm.*

## INTRODUCTION

Small and medium-sized enterprises (SMEs) in the European Union (EU), consist of firms employing less than 250 employees, and account for 99.8 percent of all firms (European Commission, 2005). However, despite their significance, SMEs are vulnerable to several issues –dependency on debt, and in particular bank loans, for liquidity. Usually, in stable economic conditions, liquidity shortages can be controlled using short-term loans or capital without jeopardising the survival chances of the company. Nevertheless, in times of a crisis such as COVID-19, SMEs' reliance on financing, reliance on sourcing, and the lack of ability to procure other streams of funds in the short-run can turn a liquidity issue into a serious solvency issue. Eventually this issue has transformed into a critical concern for policymakers globally (Gourinchas et al., 2020).

Werenbach watches is a micro SME based in Zurich, Switzerland with 2 partners and a CEO, and a strategy based on mostly word of mouth, which managed to achieve; a very successful online strategy using social networks, funding and a worldwide presence including a succesful crowdfunding, and a succesful pricing strategy in several markets all during the Covid-19 period. Werenbach watches has a varied pricing strategy aiming at varied layers of customer base from high end to mainstream (e.g. 200USD to 600USD). Having interviewed the CEO using semi-structured questions, this case study aims to analyze how servant leadership (particularly providing direction and stewardship) helped the SME grow within the Covid-19 period. Intrinsic case study research involves in depth analysis of an individual unit. The following chapter is an intrinsic case study which does not aim to be used for theory building but for a better understanding of the particular case. This can be seen as a deviant case as it is quite unusual due to the extensive final media presence generated from a small firm size (Baskarada, 2013). Although our case is focused on behaviour, the case study collected evidence of the results and of factors encouraging the behaviour rather than perceptions of potential results. As case study research is based on analytical generalisation and is made to theory and not to population, the chapter focuses on servant leadership theory as a foundation of comparison. The reason for its selection is seen below. The findings are also shown below.

The company essentially secured funds and a survival throughout 2020 using an intertwining of innovations led and selected by a proactive attitude towards servant leadership. In essence, all innovations undertaken complement each other and intersect to create the situation the company is in. As in most entrepreneurial decisions, the action taken can be reactive or proactive (Stouraitis et al, 2017). In the case of Werenbach, most of the decisions seem to come from a proactive leadership stance showing a sense of direction (a servant stance) which was coined by Greenleaf (1970). The following sections will examine the three innovations and present a background on the company followed by the three innovations and then recommendations for management. Entrepreneurial action is directly linked to the entrepreneurs' evaluation of the opportunities and surroundings in which the company operates. Therefore, the issue for entrepreneurial action is not just if a rapid change in the business model could be of use. It is more about comprehending the meaning for the company inside and the environment outside, during the process of fixing their plans or business model. As Hoch et al. (2016) mention, leaders can be transformational but also unethical, abusive of followers and act in way that may be contrary to the values and organizational interests, at times also without realising.

Presenting a background on the innovative product, the case will focus on the leadership actions taken in 2020 and during the covid pandemic (aka themes) to secure funds for the company and internationalize further rather than shrink. In the case of entrepreneurs like Werenbach, the reaction to an

economic shock such as the COVID-19 crisis dictates the need for a primary evaluation to comprehend the current situation we are in (Lettieri et al., 2009): is it the in-crisis emergency response situation?; is the company moving towards a recovery post-crisis phase? To what extent is the company preparing for potential unexpected shocks? In the case of Werenbach the latter applies most, as shall be seen later. Therefore the case shall focus on three themes or innovations achieved by Werenbach and the role of (servant) leadership in insulating them. The chapter aims to provide a behavioural tool and handbook for other micro SMEs to find inspiration towards a specific style of leadership that can appeal to funders and also to explain how this specific style of “moral” leadership can lead to the following innovations which are per se inter-linked and triggered by it:

1. The successful pricing strategy for a worldwide presence (Developing international supply chains and outweighing costs)
2. The successful online strategy via social networks (expanding the social network and sourcing)
3. The successful international social media presence including interviews (promoting and expanding access to varied funders)

The three concepts are all stemming from a servant leadership stance and intertwine to provide sourcing and financing. This is in essence the link between the three and the final result.

The chapter unfolds as follows; a background on the Company is presented along with the space industry idea to understand the foundations and context. From there, servant leadership is defined and explained as the theoretical framework to be used in the chapter. From there the three innovations are examined in relation to the servant leadership section and definition. From there, the chapter moves on to a discussion and key findings section, a conclusion and recommendations for future research.

## **BACKGROUND ON WERENBACH WATCHES**

There are several fundamental questions we need to ask when researching the innovation and strategy of Werenbach. For example, what factors underlie new-product success? What have been the difficulties in the setup? Representative of this are the high failure rates of new products and the poor innovation performance in industry even before Covid-19: around 40% of new products are estimated to fail at launch, even after all the development and testing work; out of every 7 to 10 new-product concepts, only one is a commercial success; and only 13% of firms report that their total new product efforts achieve their annual profit objectives (Cooper, 2017b; Cooper, Edgett, & Kleinschmidt, 2004).

As a brief introduction on the company it is important to take a look at how the product began its journey to understand what is being sold now; Werenbach produces watches in extremely small quantities to international customers from the atelier in Zurich; a business model both fragile due to supply but also lucrative due to the exclusivity and rare nature of the product. Specifically, Werenbach sold 36 watches through its own atelier in 2016. Although the watches are put together in Patrick's atelier in Zurich, the case is sourced from Hong Kong. To expand the business and grow once the crisis began, Patrick needed resources and funds which were not readily available, more so under Covid-19, and this was threatening the fragile Business model. In an example of both leadership and business intellect, he decided to crowdfund his next series of watches including dials cut from the shell of the space-bound Soyuz rocket through Kickstarter, a crowdsourcing platform focused on creativity. In order to achieve

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this, he would have to expand the business (and his skills) in terms of social networks and social media. An unknown territory so far for this small Business.

Taking a step back, we can see how the business began; ie.. On the 23rd January, 2013, Andrea Duttweiler, Marco Vannotti and Patrick Hohmann created the company Werenbach in Zürich-Hottingen, Switzerland with the purpose to produce watches from genuine rocket material. In so doing, Werenbach sought to go one step further than other comparable watch brands, who had thus far succeeded solely in incorporating single pieces of historic or unusual material into their watches. At Werenbach, the idea was for the entire casing to be made of legendary rocket material showcasing an innovative drive from the early stage.

The vision of Patrick Hohmann, director and owner of the company “I want to create watches that are more evocative, colourful and inspiring than the rest.” The journey started with the Trip to Kazakhstan, Patrick travels to this country to deal with a local rocket scrap metal dealer, Mr Murat. He has an exclusive contract with Roscomos (The Russian space agency comparable with NASA) to collect, recycle and sell the rocket materials that fell back to earth when rockets are launched. They visited the junkyard at the Baikonur Space Center, the largest rocket launch site in the world. Also, collected samples of rocket materials for testing and prototypes.

*Figure 1. An example of a Werenbach watch*  
(Source: Kickstarter.com)



Both parties agreed to buy the rocket parts, based on the market price of the recycled material. In addition, Werenbach offered to cover all the additional costs that would be incurred by the order and to pay a small quantity surcharge. They agreed on a long-term mutual commitment that consisted of purchasing only specific and selected parts of the Soyuz rocket, including an exclusivity clause, whereby only Patrick could buy recycled rockets material for the production of watches. This clause could be canceled after the 20th shipment. For his part, Mr. Murat promised to decontaminate the recycled material, if he did not do so, he would have to cover the costs and assume all the legal consequences in customs. Both agreed to obtain the export permit, pay a surcharge for small quantities and guarantee the acceptance of goods for the predefined number of shipments.

All this despite the fact that Mr. Murat emphasized that each shipment could differ in prices and materials, since each rocket launch was unique, as well as the quality of the rocket material or the usable material could be different. This meant that the price had not been closed, we mean a fixed and fair price,

as it seemed to have already been discussed, when what had been discussed was that the price should be based on a market price for recycled products.

Despite all the inconveniences, Patrick showed a servant leadership stance and agreed and compromised on different aspects to close the deal:

- To pay the surcharge for small quantities If the reference price per ton was close to the recycled material
- To pay more costs when entering customs

Another problem Patrick later encountered was that the production and manufacturing phase of the watches took much longer than expected. The problem lay in the design of the parts, they finally had to be adjusted due to difficulties in obtaining the initially planned mechanism. This is the beginning of Werenbach Watches. The chapter will focus on the change and leadership aspects that allowed the company to endure the economic hardships of the covid-19 pandemic.

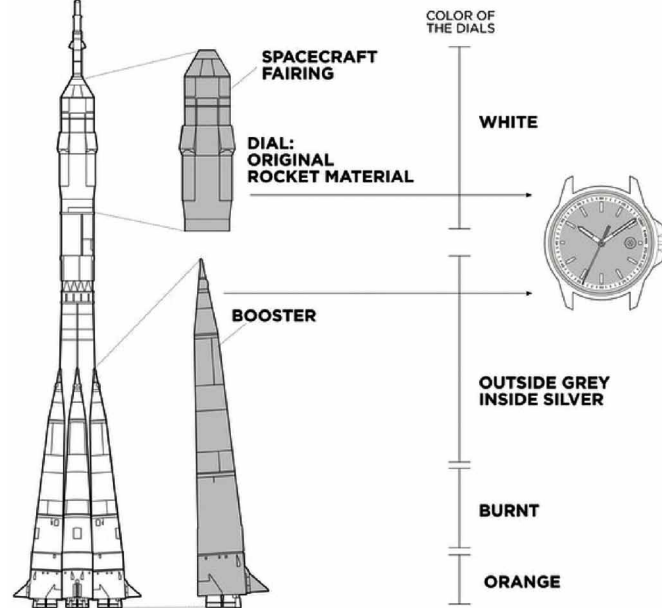
## **THE SPACE INDUSTRY IDEA**

A major part of the Kickstarter and social media marketing was the innovative space industry idea. Patrick found the idea of rocket material especially exciting as astronomy and space exploration hold a special fascination for many, and it seems like humankind is always striving for a connection with space. Werenbach was initially looking for war airplane scrap metal, but neither the Swiss army nor the US Army gave them approval to use this classified material. They argued that an F-16, for example, could not be used with commercial purposes and that they should recycle the materials after the airplanes were put off services. Other watchmakers used meteorites, some used different materials and designs inspired in space related issues, but in this case study Patrick Hohmann, after watching a documentary about tours expeditions to Kazakhstan to see the rockets that fell back to earth after launching, the idea was crystal clear.

After several trips to the area, language barriers and endless negotiations they signed an exclusivity contract that give them access to specific parts of the rockets from the Soyuz expeditions. There is no other manufacturer of watches or any other product in the world that uses space rockets materials as the raw material for their product. This makes the product even more original and its concept too similar to other manufacturers like Apple that are selling a dream, an idea, a concept. In this case study the philosophy of “Space Born” meaning that a person can be part of a piece of history. The history of humans reaching space.

No other country offers the opportunity to entrepreneurs to have access to space rocket materials. China, United States and India are actively involved in the race to have more astronauts in the International Space Station, and even private companies like Elon Musk’s SpaceX are not developing any ideas out their space rocket debris, nonetheless they are now reutilizing their rockets so the materials used to manufacture this watches may soon become more and more difficult to obtain. This provides Werenbach a temporarily monopoly in this business and also a one of a kind product.

*Figure 2. The transition from rocket to watch*  
(Source: Werenbach.ch)



## **SERVANT LEADERSHIP IN THE CHANGE PROCESS**

Andersen (2012) hypothesises that even though several people are born with inborn qualities and character traits that promote their journey into leadership, the majority of people live in a functional reality where their leadership abilities must be intentionally cultured to achieve their all-out possible leadership output. This leads back to the reactive and proactive discussion on motivations as they can be instigated or led internally (Stouraitis et al., 2017) in firms that focus on leader behaviours and interpersonal dynamics that grow the followers' (network, media and employees') confidence and hence result in positive outcomes, at times beyond task compliance such as going beyond expectations, positive self-development and prosocial behaviours. The innovation created by Patrick and Werenbach was not only founded in the innovative capabilities already inherent in Patrick but also in his leadership skills which propelled the innovations through decisive action. Charismatic and transformational styles of leadership emphasize on stimulating and winning followers as main ways to reach structural goals within unsettling economic conditions (Winston & Fields, 2015). Earlier literature (Davis, Schoorman, & Donaldson, 1997) has highlighted the significance of shifting management theory outside the fundamental engagement ideologies of agency theory—with its supposition of the manager who is opportunistic, and self-serving—to management based on observing individuals as self-actualizing, and dependable with the common good of the company in mind. This concept is similar to the stress in servant leadership theory on the personal development of supporters and the growth of the company.

Table 1 presents several general personality characteristics of leaders.

Table 1. Personality characteristics of leaders

Physical characteristics	Personality	Work-related characteristics
Energy Physical stamina	Self-confidence Honesty and integrity Optimism Desire to lead Independence	Achievement drive, desire to Excel Conscientiousness in pursuit of goals Persistence against obstacles, tenacity
Intelligence and ability	Social characteristics	Social background
Intelligence, cognitive ability Knowledge Judgement, decisiveness	Sociability, interpersonal skills Cooperativeness Ability to enlist cooperation Tact, diplomacy	Education Mobility

(Source: Bass, 1990)

It is evident that several, if not most, match Patrick's characteristics; how this evolves into servant leadership will be examined below. The study focuses on servant leadership as it seems to load with more practical and operational criteria than the other two major theories (ethical and transformational theory)(Hoch et al., 2016). More specifically, servant leadership can be seen as Patrick's tool in this situation and the theoretical underpinning of this case. The word *servant leadership* was generated by Robert Greenleaf (1904-1990) in the work "The Servant as Leader," from 1970:

*"The Servant-Leader is servant first. . . . It begins with the natural feeling that one wants to serve, to serve first. Then conscious choice brings one to aspire to lead. . . . The best test, and difficult to administer is this: Do those served grow as persons? Do they, while being served, become healthier, wiser, freer, more autonomous, and more likely themselves to become servants? And, what is the effect on the least privileged in society? Will they benefit, or at least not further be harmed?" (1977: 7)*

"going beyond one's self-interest" was placed by Greenleaf as a major characteristic of servant leadership. However, the case study emphasizes that servant leadership is not only a way of looking at leadership or an approach; It is directly linked to business success by creating the direct link between attitude and implementation. The following are expanded traits of servant leadership:

*(1) listening, emphasizing the importance of communication; (2) empathy, understanding others; (3) restorative; (4) consciousness; (5) persuading, (6) conceptualization, (7) farsightedness, (8) stewardship, (9) commitment to the growth of people, (10) constructing community (Van Dierendonck, 2010).*

According to a study by Hoch et al. (2016), servant leadership was observed to be directly linked to criteria and results of motivation (ie. practical implications) such as; behavioural measures (Job performance, employee deviance), attitudinal measures (employee engagement, job satisfaction, organizational commitment, affective commitment) and relational perceptions (trust in supervisor or manager, leader-member exchange). Leadership has become progressively more challenging, and multi-layered for companies of all types globally, thus bringing new queries and tests concerning what can be seen as the optimal type of leader (Gandolfi & Stone, 2016). It is significant to note that, regardless of disagreement, the one common feature that can be found through almost all of the current leadership literature is that leadership is crucial to a business in a practical aspect and more so in turbulent times such as these. The

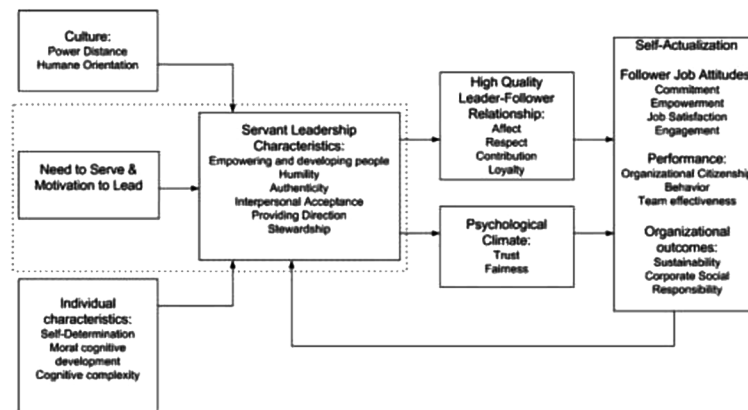


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explanation for that is that when leadership is unproductive or absent, the result is that the organization is negatively impacted (Gandolfi & Stone, 2016). Leadership let-downs have been well-documented and, sometimes, appear to be the canon which can be witnessed in firm performance and access to funding. (Gandolfi & Stone, 2016).

Servant leadership, as seen in the conceptual model below, is deriving from three elements; Culture, Motivation and Individual characteristics. The case focuses on the individual characteristics of Patrick (mainly), particularly self-determination and cognitive complexity which lead directly to the 3 innovations mentioned above. These are the characteristics that stand out more in terms of the case; being a micro SME made of 3 members, the leadership is most evident in the CEO's actions towards the strategy and less on employee motivation itself as a leadership trait. The effectiveness of efficient leadership in the judgements of stakeholders is linked to the leader and manager being able to inspire, and rank wants, which in turn creates a sense of direction and security for stakeholders. However the end result can sometimes be elusive; the result of effective leadership is not only seen in motivation for employees but it is evidenced in tangible business results which come from a direct action.

*Figure 3. A conceptual model of Servant Leadership*  
(Source: Van Dierendonck, 2010)

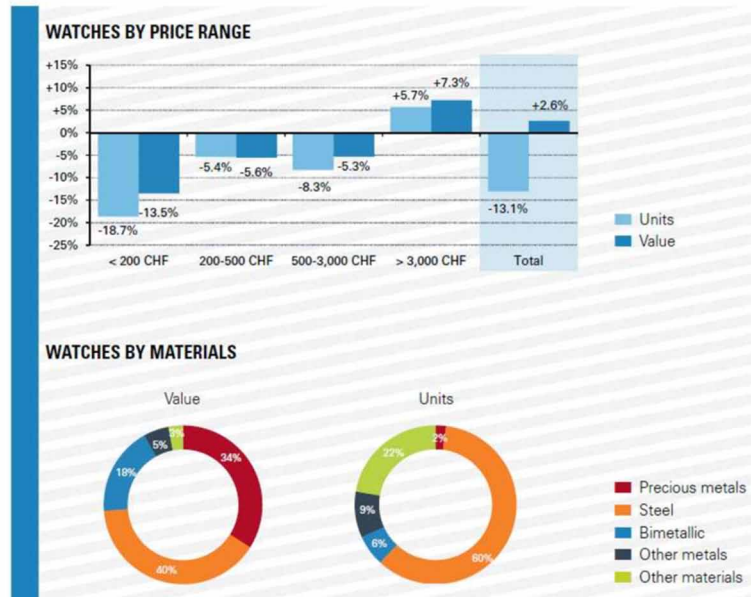


### **THE WATCH AS A SUSTAINABLE FASHION BRAND**

What is the situation in the company's market? Is it profitable and sustainable? SMEs are now challenged with a fiercely cutthroat market which demands products to be renewed frequently. Sustainability has become harder and harder to obtain – but what is the case of watches? Werenbach's main market – Switzerland – has seen a rise in sales up until Covid-19. That presents an environment with potential but also the requirement for a safety net through international markets. The Swiss watch industry has witnessed amplified rivalry, both in the higher value sector and at entry level, where volumes suffered. Finally, Swiss watch exports were worth 21.7 billion Swiss francs in 2019, an increase of 2.4% compared with 2018.

Figure 4. Watches by price range

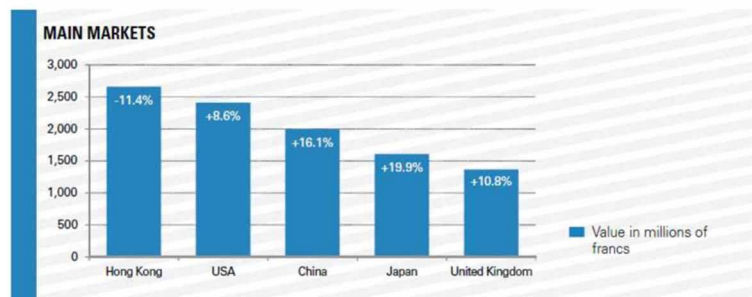
(Source: Federation of the Swiss Watch Industry FH, 2020)



However interestingly due to the timing, Wristwatches set the tendency for 2019, and constituting almost 95% of total exports by worth. Exports passed the 20 billion francs brink (to 20.5 billion), a rise of 2.6% in comparison with 2018 paving the way for Werenbach's pricing strategy opportunity. However, even though Switzerland sent 20.6 million watches to other countries, it still was 3.1 million less than in the previous year. This historically low level, under even the crisis of 2009, is similar to the volume exported during the fall in the early 1980s and was of course expanded upon during the Covid 2020 crisis. So what has Werenbach done to maximise its survival from this situation and become sustainable?

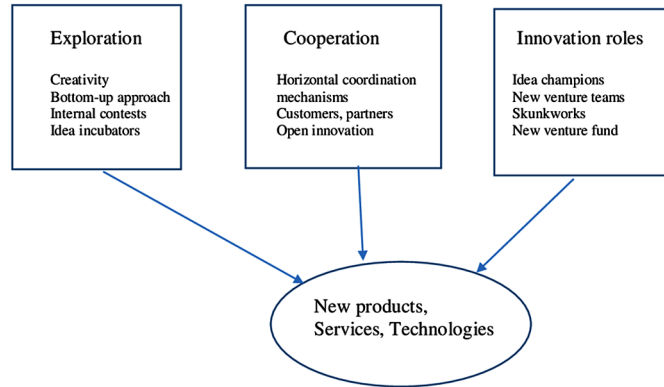
Figure 5. Main markets

(Source: Federation of the Swiss Watch Industry FH, 2020)



## Leadership as a Change Trigger in Unsettling Conditions










Figure 6. Innovation strategies for new products and technologies  
(Source: Reinmoller and Van Baardwijk, 2005)



## THE PRICING STRATEGY (DEVELOPING INTERNATIONAL SUPPLY CHAINS AND OUTWEIGHING COSTS)

Werenbach's pricing strategy is a result of its product innovation strategy which has been supplemented by its social media strategy and promoted by servant leadership. It can be attributed to self-determination or a will to survive and cognitive complexity; ie forward thinking strategy which led to sourcing and the creation of innovative new products which would have an international appeal. During unsettling times and changing environments, companies must get used to many types of change. As mentioned above, one significant area of innovation is the introduction of novel products and the promotion of said introduction. In this case the "space" watch is the new product introduced by Werenbach and also a new technology. In the case of Werenbach the change lies in several aspects of the change process. The innovation strategy adopted and the coordination model for innovation must both be analyzed to get a clearer view of the antecedents of change stemming from leadership.

Table 2. Entrepreneurial action in a crisis context

Adjusting entrepreneurial action in a crisis context using insights from planning, frugality, and emotional support research.			
Crisis Phases	Business Planning (organizing activities and resource management)	Frugality (resource management)	Emotional Support (human & social capital management)
Pre-Crisis: •Mitigation •Preparedness	 •Adjust the resource base (plan for contingencies), create buffers for unexpected shortfalls.	 •Adopt a frugal culture, incentivize resourceful behaviors and focus on the long-term survival of the venture.	 •Enable informal support groups that allow for implicit and explicit support exchanges.
In-Crisis:  •Response (emergency)	 •Adjust the planning mode, reduce formality, but be detailed and increase frequency.	 •Focus on resource conservation, identify and prioritize resources that contribute directly to the product/service revenues. •Sell-off and divest resources with no contribution to the long-term vision.	 •Encourage emotional openness, making culturally appropriate to share feelings and ask for support.
Post-Crisis:  •Recovery	 •Adjust the planning mode and activity documents,  •Adopt a minimum documentation unit.	 •Adopt a frugal culture for resource acquisition. Focus on quality goods and services instead of the most cost-effective. •Time acquisitions to reinforce your negotiation power.	 •Organize informal support, e.g., online meetings, to strengthen cohesion and collective identity. •Sustain emotional openness, make sharing concerns and feelings a regular behavior.

(Source: Lettieri et al., 2009)

A firm's product innovation strategy has a vital part in determining organizational urgencies and supply chain wide movements (Quinn, 2000) particularly in turbulent times. The strategic arrangement of inter-organizational actions results in innovative products, which are usually characterized as being original and valued. Yet, before marketing, a managerial task organizations face is in evolving supply chains adept in creating innovative products in an effective, effectual, and reliable manner. Figure 3 shows us several innovation strategies for new products and technologies;

Table 2 depicts some strategies available to entrepreneurs during a time of crisis.

It is evident that Patrick and Werenbach have gone through these stages in programming, executing and sustaining their innovative business idea through developing a supply chain to market their product base don servant leadership. During the earlier stages of production, the product life cycle has been condensed due to the increased rivalry on the market and hence a diversified approach is necessary. Firms can only enhance their competitiveness through innovations and supporting their supply chain like Werenbach is correctly doing. Firms are directed to push innovation through technical advantages and found brands and marketing channel strategies (supply chains) so as to allow innovative products to enter into the niche market with less friction and rivalry. Thus, and as is linked to the other 3 innovations, it can also develop into a product innovation model if consumers can partake in the customization design (ie. through social networks and media) through the value chain innovation procedure (Mascarenhas, et al., 2004; Khadke & Gershenson, 2008). Something we see in the Werenbach kickstarter strategy. Furthermore, this approach can deliver an improved level of services including cost decrease in the long run (Martin & Ishii, 2002; Unger & Eppinger, 2011; Cheng & Liu, 2012). Historically, novel products and services would be released into the market only after the project was complete. Nevertheless, in certain products customers play an important role in the final customization. The main issue for enterprises is if they can keep up with customers' follow-up necessities during the process of evolving new technologies and commercialize new technologies as early as conceivable (Kuester et al., 2012). A large element of this is testing the waters through social media and social networks, both for sourcing and for determining the requirements of demand.

Therefore, following from the above, it can be stated that a market focus should succeed through the whole new product plan (Griffin & Hauser, 1996) – For example in each of the supply chain steps;

- Idea generation: It is evident that consumer input in ideas is vital for product development. Market-oriented idea generation actions, such as focus groups, to determine unmet wants or glitches, can lead to vital ideas (Cooper & Dreher, 2010). Ideas can also come from web-based customer inputs (such as open innovation).
- Product design: Often, market research is performed too late – usually just to check the final result. Nonetheless market research can and must be utilized as a supplementary input to the design choices both final and temporary, starting with a user needs-and-wants study (VoC research).
- In advance to pushing ahead with development: The optimal results can be obtained by testing the product concept with the participation of the consumer by offering a depiction of the product – for example, via models, mock-ups, and even virtual prototypes – and thus evaluating the customer's purchase resolve (if any). In the end, and in a situation where funds are scarce, it is much more financially viable to test and learn in advance of development than to advance customer testing once the product is designed (aka the Lean model).

As mentioned above, corporate growth, an international diverse pricing strategy and profitability beyond mere survival be contingent on creating a international business strategy linked to product innovation (Kleinschmidt, de Brentani, & Salome, 2007). It has been evidenced in the literature that firms that take a diverse and international approach to new product development have higher chances of survival than those that focus their R&D spending on their home market (de Brentani & Kleinschmidt, 2004; de Brentani, Kleinschmidt, & Salomo, 2010; Kleinschmidt et al., 2007). International goods that are intended for a global audience or nearest neighbour export markets tend to be the products that perform best. Therefore, the management insinuations of these studies is that the globalization of markets requires a global innovation culture and a global innovation strategy (de Brentani & Kleinschmidt, 2015) as is being followed by Werenbach.

However, the reason we point this out is that this international aspect is often ignored or is controlled late in the development process. The consequence is either a global product (in other words, one form for the whole world) or a “glocal product” (one development work but several product variants to cover the demand in diverse international regions). An international orientation also requires the task of product design and assessing in multiple countries as opposed to only in the national market, and followed by custom-made international launch tactics. It also means being savvy enough to hire a global project team (through social networks) with team members in numerous countries (de Brentani et al., 2010; Kleinschmidt et al., 2007).

Regarding the launch, a quality launch (e.g. a kickstarter or a different type of social media event) is highly linked to the profitability of new products (Di Benedetto, 1999; Montoya-Weiss & Calantone, 1994; Song & Parry, 1996). Quality novel goods don’t promote themselves, and the launch should not be seen as a side idea to be left for the latter stages of the scheme. A well-integrated and precisely beset introduction is generally the consequence of a well-tuned social marketing scheme stemming from the leadership decisions of the manager. It is significant to keep in mind that the product launch must be adequately equipped in terms of both employee support and funding; a strong new product many times does not attain its sales targets due to an under-resourced introduction. Overall, those who will achieve the introduction – the sales force, the management, technical support employees – should generally be involved in the development of the market launch plan directly and consequently should be affiliates of the project team as is the case in Werenbach’s small team. The reason for this is that it ensures valuable understanding into the design of the introduction, also obtainability of assets – all essentials vital to a fruitful launch (Hultink & Atuahene-Gima, 2000). However, consumer input shouldn’t stop at the conclusion of the pre-development market studies; it is a cycle that reinforces itself. Through consumer participation into the process to view sides of the product via a sequence of rapid prototypes-and tests, the developer verifies all assumptions.

## **SERVANT LEADERSHIP AND SOCIAL NETWORKS**

In the case of Werenbach, social networks have been key as they allowed the company to grow, to strengthen social media and develop an international product and access resources grown from the CEO’s servant leadership style. These ranged from international business contacts in the supply stage to media and social media contacts in the promotion and funding stage. It is not coincidence that organizations tend to devote substantial time, energy, and monetary resources in leadership growth (O’Leonard & Krider, 2014). Nevertheless, notwithstanding these efforts, there is a rising worry in the literature that these ef-

forts are not appropriately growing and sustaining the leadership volume essential in today's multifaceted organizations (e.g., Day & Dragoni, 2015). Usually, leadership development actions are aimed to enhance the universal knowledge, networks, skills, and abilities of individual leaders and managers (Day, 2001). These methods are therefore based on old-fashioned conceptualizations of leadership as the behaviours of individuals (e.g., managers, CEOs) who direct, align, and motivate others in search of communal objectives and the growth of the company (e.g., Carlyle, 1907). Adding to that, the leadership literature has shown that leadership is both a interpersonal and multilevel issue, which involves not only leaders, but also supporters, and social relational processes linking followers of larger collectives and networks which show its tangible results (e.g., Eberly, Johnson, Hernandez, & Avolio, 2013). To understand the value of servant leadership in leading to tangible goals, multilevel interpretations of leadership, which highlight the social processes linking individuals and collectives, point out the importance of growing social networks (i.e., patterns of social relationships; Wasserman & Faust, 1994) as an essential part of leadership improvement. In more detail, the essential approaches for fruitful social networking are seen as being the following: (1) Individuals must develop social competence; (2) Individuals must be able to shape Networks; and (3) Collectives must work together to co-create networks (Cullen-Lester et al., 2017).

## **SERVANT LEADERSHIP AND THE SUCCESSFUL SOCIAL MEDIA PRESENCE INCLUDING INTERVIEWS**

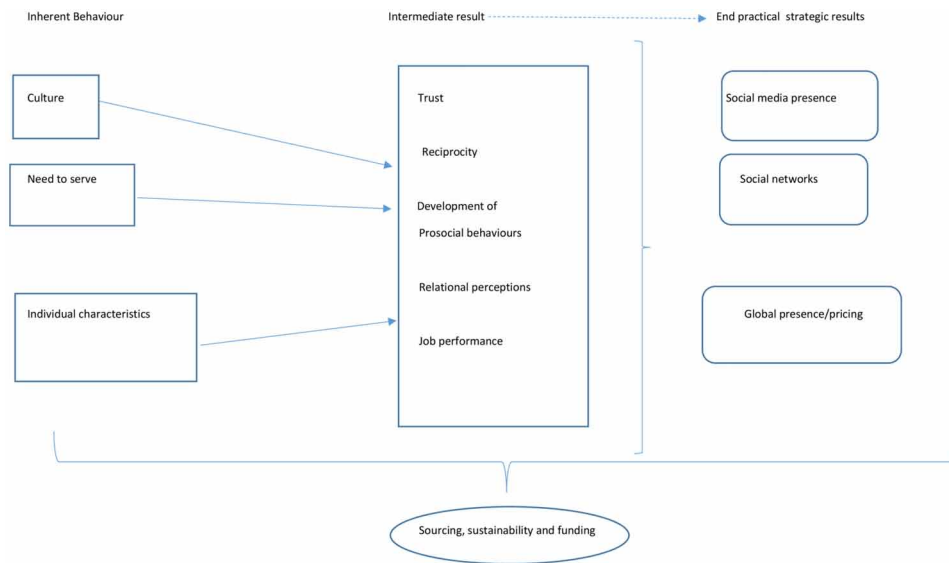
Werenbach's social media success can be attributed to self-determination or a will to survive and cognitive complexity which was mirrored by a strong interpersonal relationship ability; ie forward thinking and stewardship as a part of the servant leadership model as mentioned above. This complements social networks and allows for pricing. This has led Werenbach to become an opinion leader in its field and through its social media presence, interviews and networks enabling access to media. The role of social media and its number of users has amplified radically since 2000 providing endless opportunities for sourcing and doing business. Since 2015, around 65% of American adults have used social networking sites as a instrument in order to interchange information (Perrin, 2015). By 2015, Instagram and WhatsApp, sister companies of Facebook, had also become important gateways of social networking with around 400 and 900 million active users each (Rao, 2015). In addition, several other sites and applications by small and large online players—Google Plus, LinkedIn, Pinterest, Tumblr, MySpace, Blogger, and Flickr—are being utilized as platforms for various purposes.

Previous readings have shown that several features of opinion leaders in traditional relational communication could still apply to opinion leaders in the digital setting, for example, education, income, and occupational position (Lyons & Henderson, 2005). Regarding personality qualities, studies indicate that opinion leaders tend to be extraverted (Marshall & Gitosudarmo, 1995); exhibitionistic and narcissistic (Baumgarten, 1975); self-confident (Baumgarten, 1975); explorative (Coulter, Feick, & Price, 2002); open to novel thoughts (McElroy, Hendrickson, Townsend, & DeMarie, 2007); and curious, creative, and experimental. We can abbreviate these varied features into the personality behaviours of openness, exhibitionism, and competence in interpersonal relationships supported by self-determination. This ability to sustain interpersonal relationships with consumers, followers and employees allowed the CEO to maintain and expand an international media presence. This was also backed up by the uniqueness of the product.

## DISCUSSION AND KEY FINDINGS

The theoretical framework presented in the case can be seen in Figure 7.

*Figure 7. Theoretical framework (based on the conceptual model of servant leadership)*



As can be seen in the theoretical framework, and based on the literature mentioned above, the fundamental inherent behaviour of servant leadership created an attitude which led to intermediate moderating tangible and intangible results. From there, we can see the development of practical strategic results as mentioned above. The company navigated Covid-19 and not only found a way to innovate but also to expand and sustain its brand. The successful combination of servant leadership during turbulent times and creative product innovation led to sustainable advantage that is growing. The Kickstarter program shows innovative thinking and flexibility in times where a shift to the online consumer base and funding base is necessary. The product expanded on the core technology and created a sustainable offering.

As mentioned above, a company's product innovation strategy plays a dynamic part in determining supply chain wide activities especially pricing and sourcing (Quinn, 2000). Profitable products tend to be superior to rival products as far as meeting users' wants is concerned, they tend to present exceptional features not obtainable in standard products, or they tend to solve a problem the consumer has with other products. Furthermore, they present greater worth for money for the consumer, decrease the consumer's total costs, and claim an outstanding price/performance ratio. How has Werenbach achieved this? What are the key findings? It is evident that through servant leadership and in particular self-determination (ie. The will to succeed) and cognitive abilities (the ability to think outside the box) Patrick has managed to innovate and grow in a stagnant period and against the tide. The 3 innovative actions taken have been examined and the theoretical background on them has been presented. The elements in the theoretical framework present a visual representation of the findings and associations that make up this case. The intermediate results must be obtained and can be measured to avoid trying to jump from the inherent behaviour straight to strategic results. These findings can help managers of micro SMEs understand

what is their leadership style and how can it be leveraged to bring change potentially through social media or networks. It can also help understand where on the framework are the actions of managers having an impact.

## **CONCLUSION**

The chapter aims to be a behavioural tool and guide for micro SME CEOs aiming to maximise the performance of their SME under situations of stress. The chapter focuses more on the characteristics needed to succeed in creating the fundamental background needed for a small firm to present an innovative, media friendly product. This type of access then will lead to opening new doors in financing and sourcing. The chapter has aimed to present an innovative case study and analyze it by backing it up with theoretical underpinning and mapping the company's innovations to the servant leadership model. The case of Werenbach watches fits very well with the guidelines and theoretical background. The case is innovative, guided by strong and servant leadership, consumer based marketing and a critical awareness of the obstacles of Covid-19. The leadership style of Werenbach's CEO was examined as being servant and being the conductor of all three innovative elements. The elements of the leadership style were presented as cognitive abilities and self-determination. Based on the above discussion it is evident that the company managed to achieve growth during turbulent times such as Covid-19 by leveraging the abilities of its CEO. Social networks, pricing strategies and social media presence allowed the Brand to grow from a small SME with some minor international presence to wider markets and a crowdsourcing success. More specifically servant leadership allowed for the following final results by passing through the moderating phase:

- Self-determination allowed the CEO to pursue goals and uncover opportunities that would not have shown initially. It also allowed the CEO to understand the position and potential of the company.
- Moral cognitive development allowed the CEO to both provide a strong image on social media but also continue pursuing sourcing even after the initial setbacks.
- Cognitive complexity allowed the CEO to devise a complex product that could trigger the interest of social networks and also allow for a global market.
- Empowering and developing people allowed for the construction (albeit much before 2020) of a gradual social network which grew and helped in hard times.
- Authenticity allowed the CEO to present a product which showed a moral stance and a feeling of uniqueness to the consumer. Something vital for an SME trying to find space in a market.
- Interpersonal acceptance allowed the CEO to confront his partners and sources to expand the firm even under duress.
- Providing direction allowed the CEO to navigate turbulent economic conditions while maintaining a set vision through trust.
- Reciprocity between the leader and employees/followers allowed the CEO to create a significant social media presence. (Cf: Gandolfi, 2018; Hoch et al., 2016)

The resulting effect of this led to:



### ***Leadership as a Change Trigger in Unsettling Conditions***

- A large consumer base and kickstarter funding program led by a social media campaign and presence.
- Opportunities for supply chain expansion, media presence and sourcing led by social networks.
- The chance to provide a global product and hence exploit international markets through pricing by using social networks to establish a presence.

## **FUTURE RESEARCH DIRECTIONS AND RECOMMENDATIONS**

Aside from a successful launch in terms of product pricing, a strong social media and social network presence is key. Regarding social media, the case has shown that it is evident that the attribute of capability in social relationships and networks also raises the inclination to be an opinion leader in social media and is vital to becoming an opinion leader and potentially altering product development and accessing funding. This significance shows that businesses could profit from proposing venues where opinion leaders can set their interpersonal capability to work for the company, such as proposing online discussion communities and/or even offline face-to-face events in which they can network with opinion seekers in a more direct manner.

It is important to note that opinion leadership propensity is significantly affected by openness and servant leadership. Those managers with a great level of directness are more probable to be trusted on and asked for info in a social media setting. To tempt and trigger opinion leaders, businesses should offer info that could stimulate their inquisitiveness. This type of content can allure the openness attribute in opinion leaders, thus aiding to improve their commitment to the brand and company. Likewise, the characteristics of leaders needed to assimilate building a sustainable company with the barriers of day-to-day operations highlighted the importance of truthfulness, long-term perspective, ethical behaviour, care for people, respectful communication, and managing responsibility outside the organization, all aspects that can be seen in the key servant leadership characteristics and warrant further research especially for SMEs.

Following from the discussion above and theory presented, some practical recommendations are presented below in order to create a sustainable and consistent competitive advantage under Covid-19 for Werenbach. Several of these recommendations can be transposed into any company.

- The web page of a company in an international setting should be in several languages, not only German and English. Main suggestions: Spanish, Italian, Chinese, Portuguese, Arabic, and French
- Werenbach is a unique product, anyone can buy an Omega Watch if they have the resources to pay it, but Werenbach is definitely a unique piece (specially the BTO's). When you present a unique product you should have a marketing strategy based on the product uniqueness.
- Due to the advancements in the Sustainable Development Goals more emphasis should be placed on the ecological spirit of the product, for example if it uses recycled materials and they do not use batteries.
- Search other sources of raw materials that give the sense of uniqueness and exclusivity.
- Create a female line of products to diversify your market.
- If the product is limited, customers must be made aware that they are purchasing limited production units due to the limited raw materials.

- Keep an eye on global markets, for example, are growing specifically in USA, Hong Kong, China, Japan and UK. So the marketing strategy should aim at emerging markets and developed markets also.
- Make sure your product reminds the consumer why it is of value and unique.
- A good strategy is to promote some Kickstarter buyers to buy the product directly from their webpage. This is an indication that next campaign can be held alone without the Kickstarter costs.

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